

ARTICLE APPEARED
ON PAGE **A30**NEW YORK TIMES
17 December 1986

Legislator Says Casey Called North Over Crash

By FOX BUTTERFIELD

Special to The New York Times

WASHINGTON, Dec. 16 — William J.

Casey, the Director of Central Intelligence, telephoned Lieut. Col. Oliver L. North shortly after an American cargo plane carrying arms to the rebels in Nicaragua was shot down last fall to ask if any C.I.A. personnel or equipment were involved, according to an unnamed member of the House of Representatives familiar with Mr. Casey's testimony.

The telephone call is one of a number of developments that raise new questions about Mr. Casey's role in the Administration's secret Iran arms deal and the diversion of funds for the contras, as the Nicaraguan rebels are called.

The call is significant because at the time Colonel North was the National Security Council aide running both the Iranian arms deal and the aerial resupply operation for the contras, and it suggests Mr. Casey had knowledge of Colonel North's secret activities.

It also suggests that Mr. Casey considered it possible that Colonel North was using C.I.A. resources for some of his covert missions and feared his agency would be tarred by the disclosure of the supply program for the contras.

Denied Advance Knowledge

The 73-year-old Mr. Casey was hospitalized Monday for what was described as a minor cerebral seizure on the day before he was scheduled to testify before the Senate Intelligence Committee.

Mr. Casey has sought to play down his participation in the secret sale of weapons to Iran and has denied he had advance knowledge of funds being diverted to the aerial resupply operation for the Contras. But a review of Mr. Casey's activities over the last two years shows that, among other things, he helped keep the Iranian arms deal secret from Congress, that he used the analytical resources of the C.I.A. to provide justification for the talks with Iran and that he had some early warnings about the diversion of funds to the Contras.

According to the House member familiar with Mr. Casey's testimony last week, Mr. Casey said Colonel North had assured him in their phone conversation that no C.I.A. officials or equipment were used in the supply operation for the Contras. Administration officials have insisted that only Colonel North had full knowledge of the complex deal in which \$10 to \$30 million in profits from the arms sales to Iran were funneled to the contras.

Telephone Calls by Casey

But the source added that in late October, several weeks after Mr. Casey's first call to Colonel North, he called Colonel North again to inquire if any funds from the weapons sales to Iran had been diverted to the resupply program in Nicaragua. Once again, Colonel North answered in the negative, reassuring Mr. Casey that no funds had been diverted, Mr. Casey is said to have testified.

Mr. Casey's second call may have been prompted by a five-page memo prepared for him by two C.I.A. aides whom he had instructed to follow up in-

formation supplied to him Oct. 7 by a friend, Roy Furmark, about troubles with the financing of the Iranian arms sales. Mr. Furmark, an oil trader and former law client of Mr. Casey, had warned Mr. Casey that some Canadian investors who had lent money to finance the Iranian arms purchases had not been paid and were threatening to expose the secret transaction.

In checking out Mr. Furmark's tip, the C.I.A. officials apparently came across some information about the diversion of funds to the contras and mentioned it in their memo to Mr. Casey, Mr. Casey has told friends. But Mr. Casey was not clear about the date he had received the memo or how much information his aides had found out about the diversion. Instead, Mr. Casey insisted to the friends, he had not really learned about the diverted proceeds until he was told about it Nov. 24 by Attorney General Edwin Meese 3d, the day before Mr. Meese announced his discovery publicly.

Mr. Casey's apparent involvement in the Iranian arms deal dates to early 1985 when the C.I.A.'s top intelligence officer for the Middle East, Graham Fuller, wrote an extensive paper suggesting that there were moderates in the regime of Ayatollah Ruhollah Khomeini whom Washington might contact, an Administration official said.

Then, in the summer of 1985, when Robert C. McFarlane, President Reagan's National Security Adviser, had begun meeting with an Iranian middleman to discuss a possible opening to Tehran, Mr. Casey encouraged the secret initiative by producing a detailed C.I.A. assessment that contended the time was indeed ripe for talks with Iranian moderates, the official said.

Another important indication of the C.I.A.'s role in the Iran deal came in November 1985, when Colonel North contacted an agency official to ask for help in shipping what he said were oil-drilling parts to Iran.

The official, whom the Administration official identified as Duane Claridge, a personal friend of Mr. Casey, cleared the way for Colonel North to use a plane in Europe that belonged to Southern Air Transport, a former C.I.A. proprietary. When the equipment was being loaded, the handlers noticed the cargo was really Hawk missile parts. Mr. Casey was in China at the time and his role in approving the shipment is unclear.

Inaccuracy Is Raised

But the episode has become a critical one for another reason. Last month, two days after President Reagan's press conference on Iran when Mr. Casey was due to testify before the Senate intelligence committee, senior officials from other Government agencies who saw an advance copy of Mr. Casey's prepared text were alarmed that it contained an inaccuracy about the November 1985 shipment, the official said.

In his prepared testimony Mr. Casey intended to assert that the C.I.A. had no knowledge of the shipment, the official said. This clearly appeared to be an error that could compound the then already spreading affair, and it was after discovering this discrepancy that Mr. Meese was called in to begin an investigation. Over the course of his inquiry, during the next two days, Mr. Meese then stumbled on the diversion of funds to the contras, the official said.

In January 1986, Mr. Casey's role in the affair had deepened when President Reagan issued his finding authorizing direct and secret United States arms sales to Iran that would be shipped by the C.I.A. Some United States officials involved in the operation had begun to have doubts about the arms sales to Iran because of the tardiness of the Iranians in gaining the release of the American hostages in Lebanon, but Mr. Casey argued that the talks should be continued, other officials said.

Moreover, several officials said, it was Stanley Sporkin, then the C.I.A.'s general counsel and a close associate of Mr. Casey, who originally proposed keeping the operation secret from Congress, meaning that parts of the operation would have to be run outside normal Government channels.

In May, when Mr. McFarlane made a secret trip to Iran with a plane load of military spare parts and tried to gain the release of the remaining hostages, he was accompanied by George Cave, a retired C.I.A. expert on the Middle East as well as two C.I.A. communicators. Colonel North was also aboard the plane. An Administration official said this development would have put Mr. Casey in a good position to learn about the intricacies of the Iranian side of the scheme.